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11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13

14 IPCOM GMBH & CO. KG,

15 Plaintiff,

16 vs.

17 APPLE INC.,

18 Defendant.

CASE NO.: 5:14-mc-80037-EJD-PSG

**IPCOM'S OPPOSITION TO APPLE
INC.'S MOTION TO QUASH SUBPOENA
IN A CIVIL CASE**

**Judge: Hon. Paul S. Grewal
Courtroom: 5, 4th Floor
Date: June 10, 2014
Time: 10:00 a.m.**

1 **I. INTRODUCTION**

2 Apple Inc. (“Apple”) is seeking to quash the narrowly-tailored document subpoena timely
 3 served on it by ICom GmbH & Co. KG (“ICom”). Apple, however, offers no legitimate
 4 grounds for quashing the subpoena—Apple does not claim that the documents requested are
 5 irrelevant, privileged or burdensome (nor could it), and Apple admits that they may be used in the
 6 pending German proceeding. Apple’s motion to quash should therefore be denied.

7 **II. FACTUAL BACKGROUND**

8 On March 2, 2012, ICom filed in Germany a patent infringement action, Case No. 2 O
 9 53/12, alleging that Apple Inc., Apple Sales International and Apple Germany Retail GmbH
 10 (collectively, “Apple”) infringed the German part of European patent EP 1 841 268 (“the ‘268
 11 patent”). (Declaration of Nadine Herrmann (“Herrmann Decl.”), ¶ 2). The functionalities
 12 accused by ICom generally relate to the functionality of Apple’s iPhones and iPads to the extent
 13 they are compatible with a cellular wireless standard. Specifically, ICom alleges that the ‘268
 14 patent is necessary to practice the 3GPP UMTS (“3G”) wireless standard. (*Id.* at ¶ 3). Rather
 15 than request injunctive relief, which is a remedy of right in Germany, ICom chose to ask for a
 16 specified amount of monetary damages. (*Id.* at ¶ 4). While it is more typical for plaintiffs to
 17 seek injunctive relief together with a declaration of liability for damages without specifying the
 18 amount of damages owed, it is proper and accepted under German law for a plaintiff to choose to
 19 seek a specified amount of monetary damages instead. (*Id.*).

20 Apple and ICom submitted hundreds of pages of briefing to the German district court,
 21 including briefing relating to ICom’s request for damages. (Herrmann Decl. ¶ 5). On
 22 September 24, 2013, Apple raised in its briefing for the first time that it has licensed about 75% of
 23 all patents declared as essential for the 2G and 3G standards from over 25 companies. (*Id.* at
 24 ¶ 6). On February 7, 2014, ICom filed an *ex parte* application in this Court seeking an order
 25 pursuant to 28 U.S.C. § 1782 granting leave to obtain discovery of Apple’s license agreements by
 26 serving a document subpoena on Apple. (Dkt. 1).

27 On February 11, 2014, the oral hearing before the District Court in Mannheim took place.
 28 (Herrmann Decl. ¶ 7). As the parties had briefed both the liability and damages issues prior to

1 the hearing, it was possible for the Mannheim District Court to address both at the hearing. (*Id.*
2 at ¶ 8). The District Court remarked at the beginning, however, that the court would decide
3 infringement first and damages in a second part of the proceeding, if necessary. (*Id.*). On
4 February 28, 2014, the District Court of Mannheim dismissed ICom's infringement case, finding
5 that there was no infringement. (*Id.* at ¶ 9). ICom timely filed an appeal on March 6, 2014
6 and gave reasons for its appeal on April 22, 2014. (*Id.*). Although it was not necessary to brief
7 damages issues to meet the statutory requirements for an appellate brief because the District Court
8 had not addressed damages, ICom included in its appeal its request for damages. (*Id.* at ¶ 10).
9 Because the District Court dismissed the case for lack of infringement, the case has been dealt
10 with in its entirety by the first instance. (*Id.*). Therefore, the entire case, including the question
11 of the amount of damages owed, is now before the Court of Appeals. (*Id.*). As described in the
12 prior Herrmann declaration, Dkt 4-1, which was not challenged by Apple, German appellate
13 courts, unlike U.S. courts, can and do address factual issues not ruled upon by the district courts.

14 In the German appellate proceedings, ICom intends to submit the license agreements that
15 it has subpoenaed from Apple to the Court of Appeals. (*Id.* at ¶ 11). If the Court of Appeals in
16 Karlsruhe overturns the Mannheim District Court's decision and determines that Apple does
17 infringe the '268 patent, then the Court of Appeals will likely act as a fact finder on the question of
18 damages. (*Id.* at ¶ 12). Although it will be possible for Apple to request a remand to the district
19 court to determine the issue of damages, it is the rule under German law for German courts of
20 appeals to decide the entire case and take the necessary evidence themselves; a remand is the
21 exception. (*Id.* at ¶¶ 13-15). For example, the German Federal Supreme Court has held that it
22 is not sufficient to justify a decision to remand that the court needs to take evidence in the form of
23 an opinion by a court appointed expert. (*Id.* at ¶ 15). Therefore, German courts of appeals
24 rarely remand cases to the district court even if they have to take evidence before they can make a
25 final determination, as it is less efficient to remand a case that will then be appealed. (*Id.* at ¶
26 14). Whether the damages amount is determined by the Court of Appeals or the District Court,
27 the licenses will be considered. (*Id.* at ¶ 16).

1 On April 10, 2014, as requested by the Court (dkt. 3), IPCom filed a status report regarding
2 the current state of the German proceedings and explaining the continued relevance of the
3 requested documents. (Dkt. 4). The Court then issued an order granting IPCom leave to serve
4 the requested document subpoena on Apple. (Dkt. 5). IPCom served the document subpoena
5 on Apple on April 11, 2014. (Declaration of Brian C. Cannon (“Cannon Decl.”), ¶ 2, Ex. 1).
6 The subpoena requested that Apple produce “All documents that grant or granted, or purport or
7 purported to grant, to Apple any rights, protections, or licenses in or to any Wireless IPR, that
8 provide or provided a covenant not to sue relating to any Wireless IPR, or that otherwise authorize
9 or authorized Apple to practice any third party Wireless IPR, including but not limited to all
10 agreements, amendments, appendices, attachments, schedules, and addendums.” (*Id.*). A cover
11 letter served with the subpoena stated that IPCom is “happy to work with Apple in order to
12 preserve the confidentiality of the requested documents.” (*Id.*) The subpoena requested that the
13 documents be produced by May 2, 2014. (*Id.*). Apple did not respond or object to the
14 document subpoena or contact IPCom’s counsel in order to discuss compliance with the subpoena.
15 (*Id.* at ¶ 3). Instead, Apple filed a motion to quash the subpoena on May 5, 2014. (Dkt. 7).

16 **III. ARGUMENT**

17 As outlined in IPCom’s application for an order under 28 U.S.C. § 1782 to obtain
18 discovery (dkt. 1) and as held in this Court’s order (dkt. 5), this Court has the authority to grant an
19 application under Section 1782. The Court properly considered the requirements of Section 1782
20 and the factors outlined in *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 264 (2004)
21 in determining that the discovery IPCom seeks is warranted. (Dkt. 5). Apple has not argued
22 otherwise in its motion. “The burden of persuasion in a motion to quash a subpoena issued in the
23 course of civil litigation is borne by the movant.” *In re Ex Parte Application of Apple Inc.*, No.
24 MISC 12-80013 JW, 2012 WL 1570043, *1 (N.D. Cal. May 2, 2012) (citation omitted). “Once a
25 section 1782 applicant demonstrates a need for extensive discovery for aid in a foreign lawsuit, the
26 burden shifts to the opposing litigant to demonstrate, by more than angry rhetoric, that allowing
27 the discovery sought . . . would disserve the statutory objectives.” *Heraeus Kulzer, GmbH v.*

1 *Biomet, Inc.*, 633 F.3d 591, 597 (7th Cir. 2011). Apple has not met its burden and its motion
2 should therefore be denied.

3 **A. The Requested Discovery Is Timely And Relevant.**

4 It is undisputed that the requested license agreements are relevant to the German action.
5 Apple disputes only the allegedly “untimely” nature of IPCo’s request. IPCo’s request is still
6 timely, however. Under Section 1782, discovery may be sought not only when adjudicative
7 proceedings are “pending” or “imminent,” but also when a dispositive ruling is “within reasonable
8 contemplation.” *Intel*, 542 U.S. at 259. Here, the adjudicative proceeding *is* pending, and
9 therefore Section 1782 still applies. There is no requirement that the evidence must be used
10 “very soon.” *Id.*

11 In *Aventis*, the French litigation had been pending for five years, the action was already
12 completed, and the documents could not be produced in time to be used on appeal. *Aventis*
13 *Pharma v. Wyeth*, No. M-19-70, 2009 WL 3754191, **1-2 (S.D.N.Y. Nov. 9, 2009). In this
14 case, the appellate briefing will continue for many more months, so there is more than adequate
15 time for the documents to be produced and submitted for the appeal. (Herrmann Decl. at ¶ 17).
16 In addition, this is not a situation where IPCo could have requested the same discovery from the
17 German district court; a party in a German lawsuit can only request specific documents from his
18 adversary, not categories of documents. (Herrmann Decl. at ¶ 18; *see also Kulzer*, 633 F.3d at
19 596.¹) Apple cannot plausibly claim otherwise, as it has filed a Section 1782 application to
20 obtain similar discovery for use in German proceedings in the past. *See, e.g., In re Ex Parte*
21 *Application of Apple Inc.*, 2012 WL 1570043. *In re Application of Mare Shipping, Inc.* is
22 similarly distinguishable, as there the applicants could have attempted to acquire discovery about

23
24 ¹ Apple’s claim that IPCo’s document request hypothetically could lead to one-sided
25 discovery (dkt. 7 at 4 n.1) has no basis; Apple cites to no relevant evidence from IPCo that
26 Apple has been prevented from obtaining. Nor does Apple cite to any precedent stating that
27 IPCo is not permitted to seek discovery pursuant to Section 1782 simply because its opponent
28 may not be able to seek reciprocal discovery. In fact, *Intel* holds otherwise. 542 U.S. at 262
(holding that “[c]oncerns about maintaining parity among adversaries in litigation” were an
insufficient basis to create a foreign-discoverability rule).

1 several allegedly false declarations through the court in Spain and had already been given the
2 opportunity to cross-examine witnesses at trial about the declarations. Civ. No. 13 Misc. 238,
3 2013 WL 5761104, **1-5 (S.D.N.Y. Oct. 23, 2013). Here, ICom cannot procure the discovery
4 through the German courts and there is still ample time for the documents to be considered in the
5 proceedings. ICom's subpoena is therefore not untimely.

6 **B. The Requested Discovery Is Currently Needed.**

7 Nowhere in its brief does Apple claim that the requested discovery is burdensome.
8 Instead, Apple argues that ICom does not currently need the discovery, and therefore Apple
9 should not have to produce the documents now. (Motion to quash, dkt. 7, at 5). Apple cites no
10 authority for that proposition and does not argue that there would be any difference to Apple in
11 producing the documents to ICom now versus waiting and producing them later. Apple should
12 be required to produce the documents now. ICom intends to submit the requested licenses to
13 the appellate court for its consideration. (Herrmann Decl. at ¶ 11). Therefore, ICom needs the
14 requested discovery as soon as possible. As ICom has described and Apple has conceded, the
15 German appellate court is authorized to address the damages issues in the case. (Herrmann Decl.
16 at ¶¶ 12-13; Dkt. 7 at 5). Contrary to Apple's assertion, it is not "inappropriate" for the appellate
17 court to address the damages issues; instead, it is preferred, as it is more efficient than remanding
18 the case to the district court when that decision would then be appealed back to the appellate court.
19 (Herrmann Decl. at ¶¶ 13-15).

20 **C. Apple Has No Basis To Claim An Improper Purpose.**

21 Apple cites to no basis for its conjecture that ICom may be seeking this discovery for use
22 in any negotiations with Apple. (Dkt. 7 at 6). ICom has represented that it seeks the licenses
23 for use in the pending German litigation and it will use them for such. (Herrmann Decl. at ¶ 11).

24 **D. ICom Will Agree To Enter Into A Protective Order.**

25 As ICom stated in its cover letter to Apple accompanying the document subpoena, it is
26 happy to work with Apple to protect the confidentiality of the license agreements. (Cannon Decl.
27 at ¶ 2, Ex. 1). ICom is also amenable to a provision in a protective order limiting access to
28 ICom's outside counsel that do not have any financial interest in ICom and that do not represent

1 ICom in licensing negotiations. Apple's statement that it would need sufficient time to notify
2 relevant third parties of its forthcoming production (dkt. 7 at 7) is further reason that Apple should
3 be required to start that process now and not at some indeterminate future time.

4 **IV. CONCLUSION**

5 For the foregoing reasons and those set forth in the declarations submitted herewith,
6 ICom respectfully requests that Apple's motion to quash be denied and that Apple be ordered to
7 fully comply with the subpoena, including contacting necessary third parties and producing the
8 requested documents, no later than June 30, 2014.

9
10 DATED: May 19, 2014

Respectfully submitted,

11
12 /s/ Brian C. Cannon

Brian C. Cannon

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14 & SULLIVAN, LLP

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